

CHAPTER 558**(House Bill 1120)**

AN ACT concerning

Sales and Use Tax - Effective Rate Agreements

FOR the purpose of authorizing the Comptroller to enter into certain effective rate agreements with vendors to allow a vendor to compute sales and use tax liability for purchases made by the vendor for a specific period using a predetermined agreed-upon effective rate; authorizing the Comptroller to issue direct payment permits authorizing the direct payment of sales and use tax due on purchases by a vendor subject to an effective rate agreement; and generally relating to the administration of the sales and use tax due on purchases by certain licensed vendors.

BY repealing and reenacting, with amendments,

Article - Tax - General

Section 11-407

Annotated Code of Maryland

(1997 Replacement Volume and 2001 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:

Article - Tax - General

11-407.

(a) (1) [On] EXCEPT AS PROVIDED IN SUBSECTION (C) OF THIS SECTION, ON or after July 1, 1993, the Comptroller may not:

(i) grant the authority to make direct payment, to the Comptroller, of sales and use tax due on purchases by a vendor; or

(ii) issue permits evidencing such authority.

(2) Notwithstanding the provisions of paragraph (1) of this subsection, the Comptroller may continue to administer direct payment permits issued to vendors before July 1, 1993.

(3) The Comptroller may:

(i) [allow the use of] ISSUE the permit subject to reasonable and necessary terms and conditions; and

(ii) revoke the direct payment permit at any time for cause.

(b) A vendor who receives evidence that the buyer has a direct payment permit is discharged from:

(1) the duty to collect the sales and use tax; and